

The Legislative Fiscal Division Presents an Agency Profile of:

## The Office of Public Instruction

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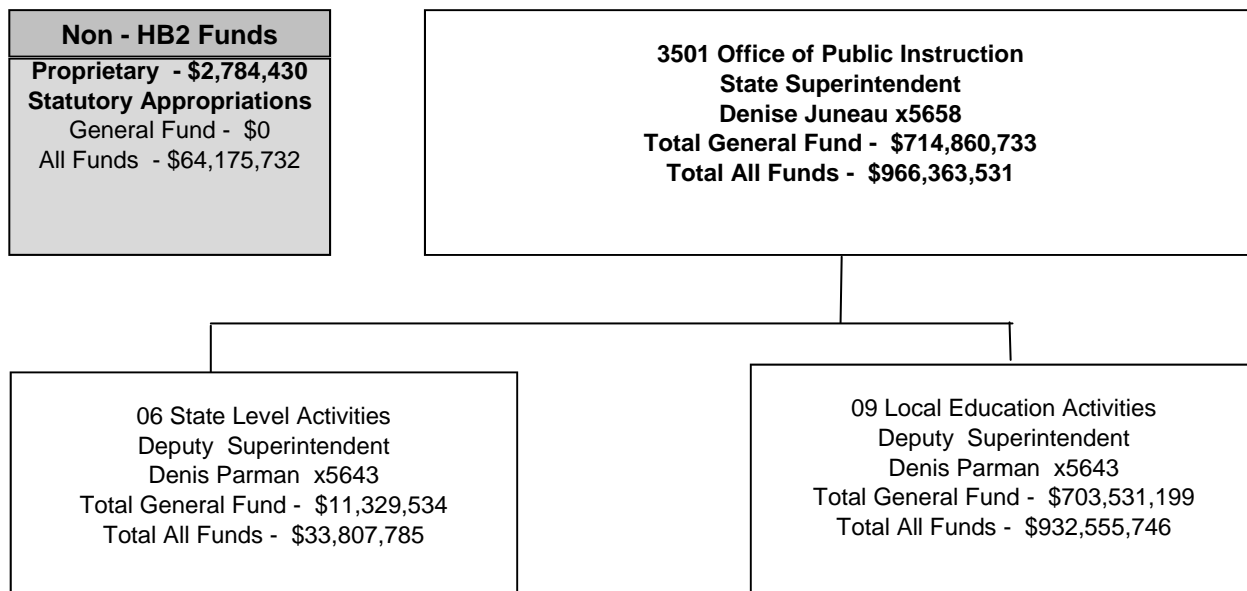
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### Agency Description

### Definition of Terms

The Superintendent of Public Instruction, as provided for in Article VI of the Montana Constitution, heads the Office of Public Instruction and the duties of the superintendent and OPI are provided for in Title 20, Section 3. Below is an organizational chart of the agency including full time-equivalent (FTE) numbers, general fund appropriations, statutory appropriations, proprietary funds, and total funds.



## How Services Are Provided

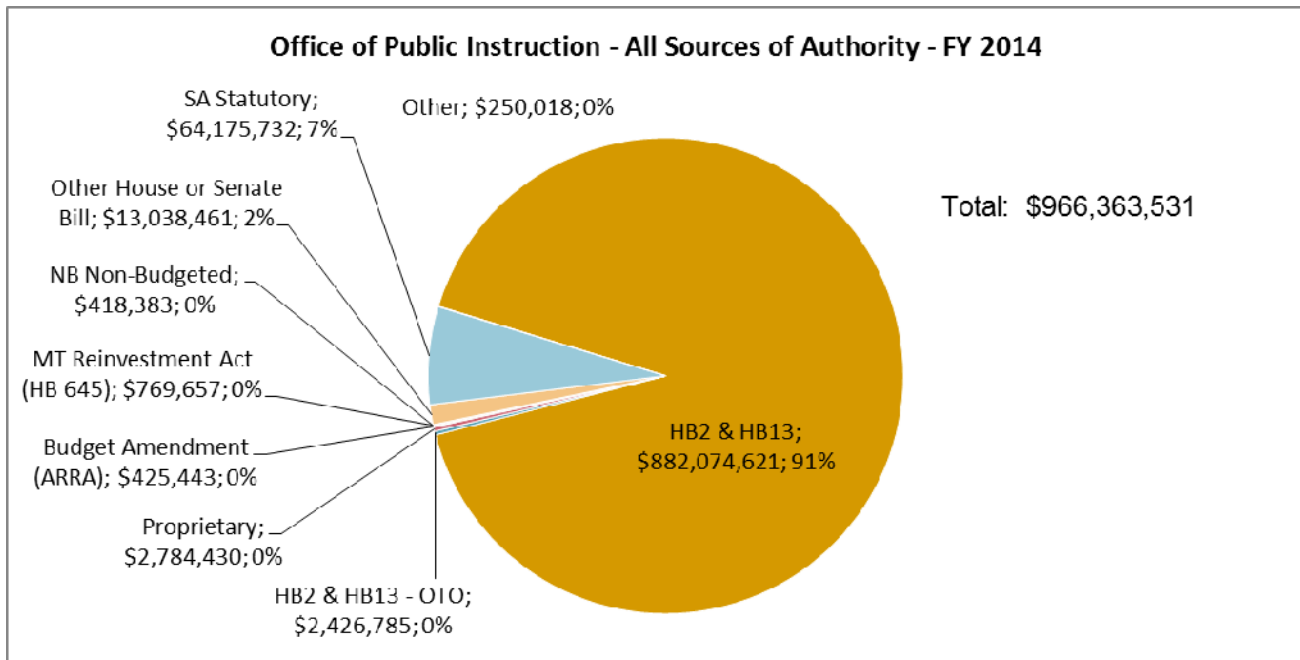
The Office of Public Instruction provides services to 830 public schools, to the Legislature, the Board of Education and the public through seven divisions. These are:

- Office of State Superintendent – is run by an elected official, whose main task is to improve teaching and learning through communication, collaboration, advocacy, and accountability to those served
- Accreditation Division – assists, reviews and monitors school districts and teacher education programs at Montana's postsecondary institutions for compliance with the Board of Public Education's accreditation standards and other rules
- State Distribution to Schools Division – distributes state funding to Montana's school districts, directs school district accounting procedures, collects budget and revenue and expenditure data, and operates the state computer system (MAEFAIRS) that collects statewide financial and enrollment information
- Legal Counsel Division – provides legal advice and services to the State Superintendent and all divisions within OPI
- Special Education Division – insures that all students with disabilities ages 3 through 18 are provided with a free, appropriate public education in accordance with the Individuals with Disabilities Act (IDEA) and state laws
- Information Technology Division – designs and operates the electronic systems used by OPI to conduct daily operations, communications and the collection and reporting of all school district information
- Education Licensure – The program ensures that all teacher and specialist licenses meet state certification requirements

In addition, OPI has several programs:

- Student Assessment Program – oversees development, implementation, and analysis of all student testing information
- School Nutrition Program – administers USDA child nutrition programs and a state cooperative purchasing program
- Indian Education Program – assures that Indian students in Montana receive a quality education. Ensures that all students have an understanding of the history and culture of Montana's Indians
- Adult Basic and Literacy Education (ABLE) Program and the General Education Development (GED) Program – responsible for programs to deliver education to adults 16 years of age and older
- Gifted and Talented State Grant program – provides support for gifted and talented services in public schools
- Audiology: Hearing Conservation Program – administers the Hearing Conservation programs by identifying children with hearing impairments and providing audiology services
- Traffic Education Program – provides education and training for safe driving practices among Montana novice and experienced drivers

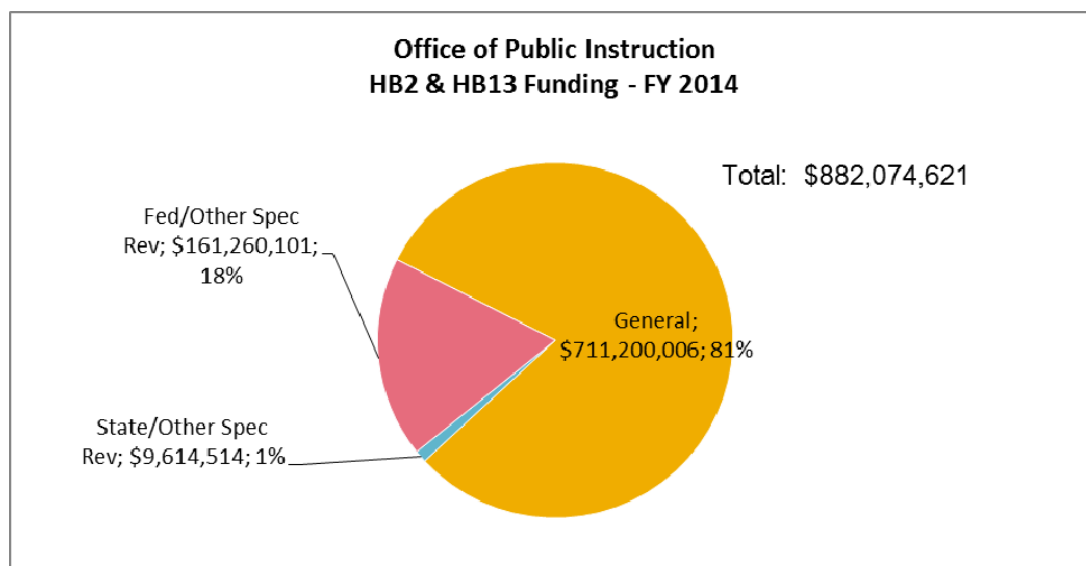
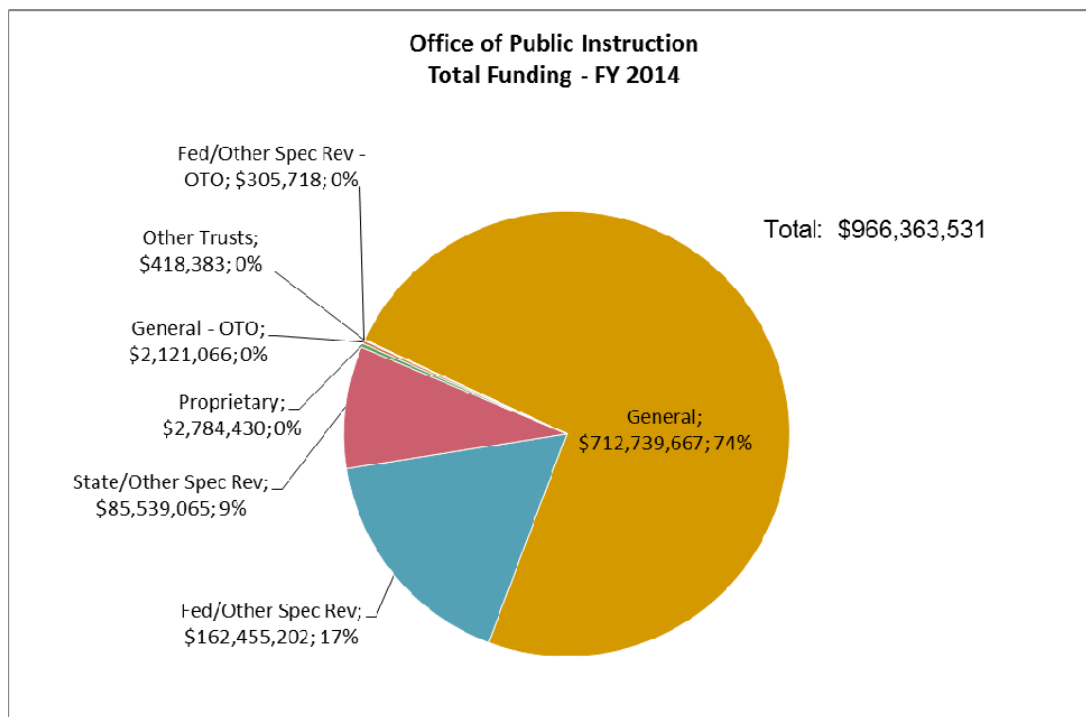
## Sources of Spending Authority



The above chart shows the sources of authority for the Office of Public Education. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

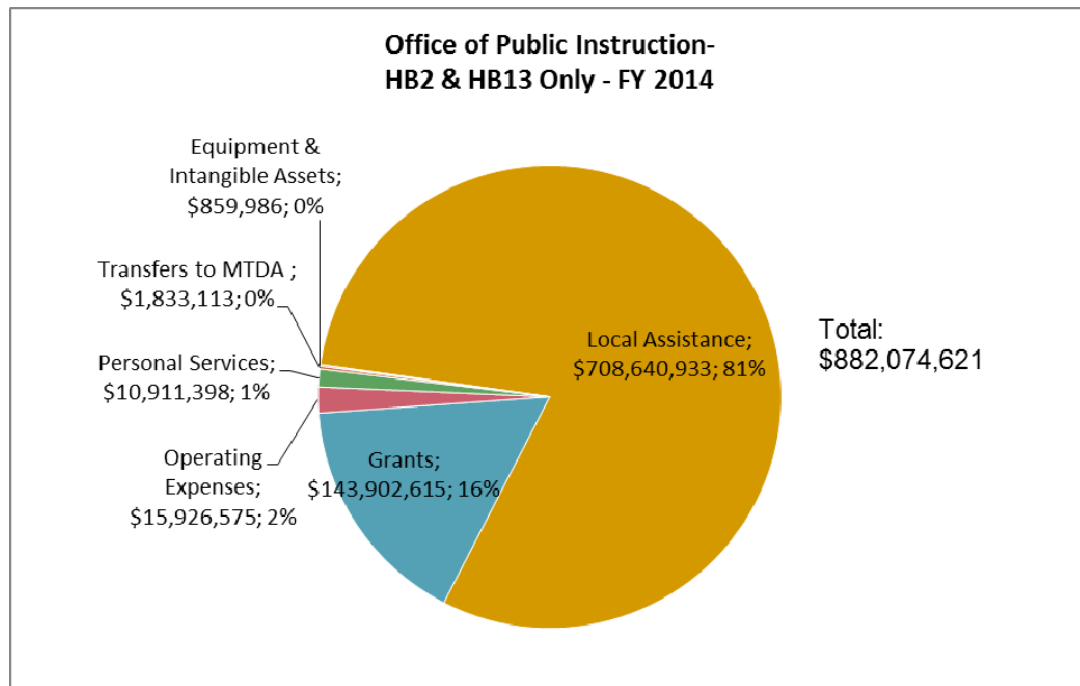
## Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority. Federal funding as appropriated through HB 2 makes up 18% of total HB 2 funding, with the rest coming from state sources. However, some funding is not appropriated in HB 2. The largest source of statutory funding is from the guarantee account. In FY 2014 the guarantee account provided \$63 million in funding. The guarantee account is a state special revenue fund where revenues from school trust lands are deposited and appropriated. The fund is used to pay for BASE aid to school districts.



## Expenditures

The next chart explains how the HB 2 authority is spent. The vast majority of OPI's spending is pass through to school districts in the form of local assistance and grants (97%). \$1.8 million is transferred to the university system for the operation of the Montana Digital Academy (MTDA). The remaining 3% is used by the agency to run the seven divisions. This chart matches the agency chart found in the 2017 Budget Analysis, with minor differences due to rounding.



## How the 2015 Legislature Can Effect Change

The legislature has the ability to change expenditure levels through the following basic elements that drive costs:

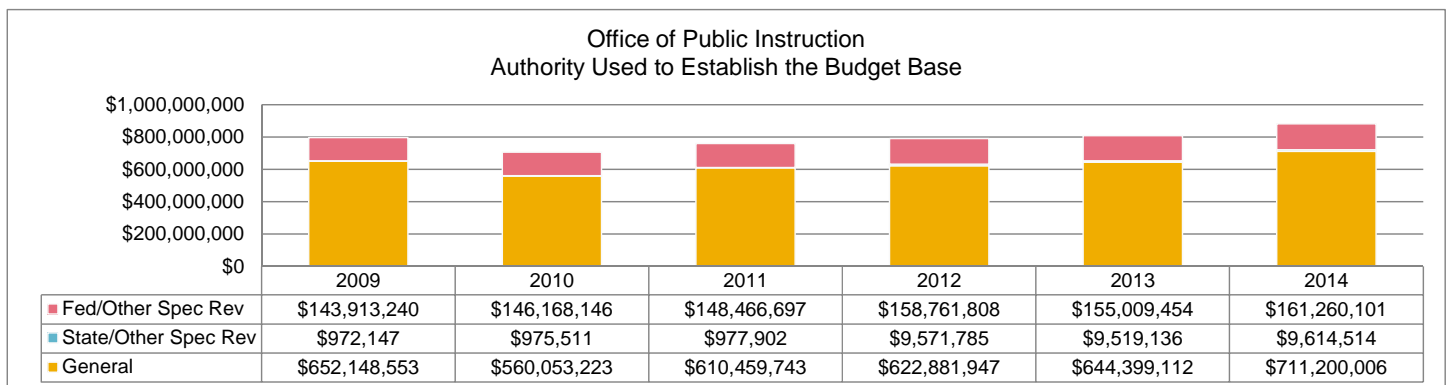
- The legislature sets entitlement rates, special education appropriations, transportation rates, debt service contributions, retirement contributions.
- The legislature prescribes the number of funds a district may have and how they are to be used.

The legislature does not have supervision and control over individual school districts. This power is vested in district's schools boards in accordance with Article X, Section 8 of the Montana Constitution.

## Major Cost Drivers

Element	2004	2014	Significance of Data
Enrollment	148,356	144,129	Decrease in total direct state aid related to enrollment.
Spending per Student	\$7,900	\$10,500	Inflationary and statutory increases in direct state aid per student means higher spending per student.
Number of School Districts	450	415	Each district is entitled to a basic entitlement; fewer districts mean fewer entitlements.
Student / Teacher Ratio	14.9 to 1	13.8 to 1	Attention to accreditation standards
Retirement Contributions (GTB)	\$23.6 Million	\$34.9 Million	Retirement cost for school personnel are paid for by districts out of property taxes, but are subsidized by the state.

## Funding/Expenditure History, Authority Used to Establish the Budget Base



The chart shows historical state spending by fund type for those fund types that are appropriated.

FY 2010 and FY 2011 do not reflect what school districts actually received. The federal stimulus program provided approximately \$25 million more in FY 2010 and \$36 million more in FY 2011.

In addition, the chart does not show what was spent by OPI from the guarantee account that provides Base Aid for districts. Approximately \$63 million was spent out of the guarantee account for Base Aid in FY 2014. Since FY 2009 the guarantee account has provided on average \$82 million in funding. Funding has range from a low of \$61 million in FY 2011 to a high of \$134 million in FY 2010.

## Major Legislative Changes in the Last Ten Years

The major school funding bills in the last ten years were, with bill number and percent increase in entitlements:

- 2013: SB 175; Per ANB payments increased 2.43% in FY 2014 and 0.89% in FY 2015. In FY 2014 Basic entitlements increased by: elementary 70%, middle school 20%, high school 11%. basic entitlements will increase in FY 2016 by: elementary 25%, middle school 25%, high school 3.4%. SB 175 changed the method of calculating the basic entitlement by adding incremental component based on ANB.
- 2011: SB 329; 1% in FY 2012 and 2.43% in FY 2013
- 2009: HB 676: 3% in FY 2010 and 3% in FY 2013. Federal ARRA money for 2% of the increase in each year
- 2007: SB 1 (special session): 2.76% in FY 2008 and 3% in FY 2009
- FY 2007: 2.06% elementary 2.06% and high school 2.15%
- 2005: HB 63: Basic entitlements: 2.1% in FY 2006 and 2.19% in FY 2007; HB 1 in 2005 Special Session: Per ANB entitlements FY 2006, elementary 8.31% and high school 4%; per ANB entitlements

FY 2006 — Institute an inflation formula for the basic and per ANB entitlements

FY 2006 — Three year averaging of ANB

FY 2008 — Full time kindergarten

FY 2007 — Creation of the Quality Educator Payment, Indian Education for All payment, Indian Achievement Gap payment, and the At-Risk payment. All state funded.

FY 2014 — Instituted a third count for the calculation of ANB and creation of the Data for Achievement payment. Changed in the distribution method of oil and gas revenue to school districts, “concentric circles”.

FY 2015 — Natural Resource Development payment begins.

For further information, you may wish to contact the agency at:

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